

HSCI

27 February 1986
Judge Webster Statement

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, I APPRECIATE THE OPPORTUNITY TO DISCUSS WITH YOU TODAY THE FBI'S FISCAL YEAR 1987 BUDGET REQUEST FOR THE FOREIGN COUNTERINTELLIGENCE PROGRAM. THE CONTINUING SUPPORT OF THIS COMMITTEE IS MOST GRATIFYING. WITHOUT YOUR SUPPORT THE FBI WOULD BE UNABLE TO OFFER THE CURRENT LEVEL OF ATTENTION TO FOREIGN COUNTERINTELLIGENCE PROGRAM AND TERRORIST MATTERS.

THE PRESS HAS LABELED 1985 AS BEING "THE YEAR OF THE SPY". WHILE WE UNDOUBTEDLY WOULD NOT HAVE PHRASED IT THAT WAY, GIVEN THE INITIATIVE, WE CAN ACCEPT THE PHRASE. IT WAS AN EXTRA-ORDINARY YEAR AS WERE THE PAST SEVERAL YEARS WHEN SPEAKING OF ESPIONAGE ARRESTS AND CONVICTIONS.

A LITTLE OVER A YEAR AGO, THE FBI RESPONDED TO AN INDICATOR, ARISING FROM A ROUTINE ,

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BECAUSE OF OUR PROMPT REACTION TO THIS TIMELY INFORMATION, THOMAS CAVANAGH WAS CONVICTED AND SENTENCED TO TWO CONSECUTIVE LIFE TERMS.

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OTHERS, SUCH AS JOHN WALKER, HIS BROTHER ARTHUR, AND HIS SON MICHAEL WERE CAUGHT MUCH LATER IN THE GAME, ONLY AFTER SEVERE DAMAGE WAS DONE TO THE NATIONAL SECURITY. THE PENDING

PROSECUTION OF JERRY WHITWORTH IN THE SAME CASE PREVENTS TOO DETAILED A DISCUSSION, BUT ITS INVESTIGATION WAS DEMANDING, AND OUR PERFORMANCE WAS PROFESSIONAL. A LONG LASTING, CLASSIC SPY RING WAS BROKEN, JUST AS IT WAS RECEIVING NEW INFORMATION FROM MICHAEL WALKER, AND RENEWED LIFE FOR THE SPYMASTER.

ALTHOUGH THE CAVANAGH INVESTIGATION IS BEGUN WITH INFORMATION GLEANED FROM [REDACTED]

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[REDACTED] THE FBI WILL ALWAYS HAVE WALKER CASES TO REACT TO AS LONG AS THERE ARE PEOPLE WHOSE GREED OUTWEIGHS THEIR PRINCIPLES, AND AS LONG AS OUR SECURITY AND COUNTERMEASURES PROGRAMS ARE IMPERFECT.

THE WALKER CASE WAS REPORTED TO US BY A COMPLAINANT WITH AN ULTERIOR MOTIVE. THE MORE RECENT POLLARD CASE WAS REPORTED BECAUSE CO-WORKERS BECAME CONCERNED ABOUT SUSPICIOUS BEHAVIOR: INTEREST IN SENSITIVE DOCUMENTS UNRELATED TO THE POLLARD'S DUTIES.

IF ONLY THERE HAD BEEN SIMILARLY ALERT CO-WORKERS INVOLVED [REDACTED]

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[REDACTED] ALL THE SIGNS WERE THERE: A SECRETARY WHO WORKED WEEKENDS ON HER OWN INITIATIVE, WITHOUT SUPERVISION, WHO BROUGHT HER UNCLEARED BOYFRIEND WITH HER, WHO WAS AN ALCOHOLIC, WHO REQUESTED SENSITIVE DOCUMENTS TO BE SENT TO HER FROM ANOTHER BRANCH OF THE COMPANY. CO-WORKERS LATER ACKNOWLEDGED THEY WERE AWARE OF THIS. NO ONE CHALLENGED HER. SHE WAS THE SECRETARY TO THE COMPANY PRESIDENT.

NEVERTHELESS, [REDACTED]

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[REDACTED] THE DAMAGE SUFFERED IN BOTH THOSE CASES MIGHT STILL BE GOING ON WERE IT NOT

FOR OUR FCI PROGRAM.

PENYU KOSTADINOV WAS ARRESTED IN 1983 BECAUSE A STUDENT RECOGNIZED IN KOSTADINOV'S CULTIVATION OF HIM, SIMILARITIES TO AN OUTLINE OF ESPIONAGE RECRUITMENT TECHNIQUES EXPLAINED IN A TV DOCUMENTARY. HE REPORTED THE SIMILARITIES, COOPERATED WITH THE FBI, AND A BULGARIAN INTELLIGENCE OFFICER WAS NEUTRALIZED.

I SUSPECT WILLIAM HOLDEN BELL RECOGNIZED WHAT MARIAN ZACHARSKI WAS DOING AT SOME POINT, HE DID NOT NEED THE TV DOCUMENTARY TO SEE IT. UNFORTUNATELY, BELL WAS RECEPTIVE TO THE OVERTURES OF THIS POLISH COMMERCIAL OFFICIAL. THE NATIONAL SECURITY SUFFERED UNTIL THIS RELATIONSHIP WAS DETECTED BY THE FBI. FROM THAT POINT ON, THE CASE WAS INVESTIGATED PAINSTAKINGLY AND PROFESSIONALLY, RESULTING IN TWO CONVICTIONS, AND THE NEUTRALIZATION OF A VERY COMPETENT INTELLIGENCE OFFICER AND HIS VERY PRODUCTIVE AMERICAN AGENT.

THE PELTON CASE COMES FROM INFORMATION GROWING OUT OF CLASSIC COUNTERINTELLIGENCE WORK, EXPLOITED JOINTLY BY THE FBI AND THE AGENCY WHICH ORIGINATED IT. IT HAS BEEN A PARTICULARLY FINE EXAMPLE OF INTERAGENCY COOPERATION, AND A JOINT COUNTERINTELLIGENCE INVESTIGATION COORDINATED BY THE BUREAU. ALTHOUGH THE DAMAGE WAS GREAT, THE INVESTIGATION WAS INITIATED, PURSUED, AND RESOLVED WITH PROMPTNESS AND CERTAINTY.

THE HOWARD CASE IS IMPERFECT BECAUSE HOWARD IS A FUGITIVE FROM JUSTICE, NOT IN CUSTODY. IT TOO IS AN EXAMPLE OF GOOD INTERAGENCY COOPERATION, A JOINT COUNTERINTELLIGENCE INVESTIGATION COORDINATED BY THE BUREAU, AND JOINT EXPLOITATION OF THE RESULTS OF CLASSIC COUNTERINTELLIGENCE WORK. SINCE IT IS

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OBVIOUSLY A PENDING INVESTIGATION, I WILL REFRAIN FROM FURTHER COMMENT.

NOT ALL TARGETS OF HOSTILE INTELLIGENCE SERVICES ARE AT THE PROFESSIONAL LEVEL OF OUR SOCIETY. THE JEFFRIES CASE INVOLVES A BLUE-COLLAR EMPLOYEE OF A COMPANY WITH A CLASSIFIED CONTRACT. LACK OF ADHERENCE TO BASIC DOCUMENT SECURITY PROCEDURES ENABLED JEFFRIES TO DO SIGNIFICANT, THOUGH AS YET UNMEASURED, DAMAGE TO THE NATIONAL SECURITY.

THE SUICIDE OF LARRY WU-TAI CHIN WAS TRAGIC IN HUMAN TERMS, WITH THE BURDEN FOCUSED ON THE CHIN FAMILY. MORE TRAGIC WAS THE ALMOST FOUR DECADES OF COOPERATION WITH THE PEOPLE'S REPUBLIC OF CHINA INTELLIGENCE SERVICES, AND THE BURDEN HERE IS BORNE BY US ALL. CHIN ILLUSTRATES A THREAT WHICH IS INCREASINGLY ACKNOWLEDGED, FROM A COUNTRY WHOSE RELATIONSHIP WITH THE UNITED STATES IS RELATIVELY NEW. IT IS ANOTHER EXAMPLE, HOWEVER, OF BUREAU COORDINATION OF A COUNTERINTELLIGENCE INVESTIGATION AND JOINT EXPLOITATION OF INFORMATION WE SHOULD EXPECT TO RECEIVE FROM A HEALTHY COUNTERINTELLIGENCE PROGRAM.

AS WE FACE EVEN STRONGER BUDGETARY CONSTRAINTS, THE ADMINISTRATION AND CONGRESS, MUST MAKE MORE AND MORE DIFFICULT DECISIONS CONCERNING OUR LIMITED RESOURCES. AS YOU ARE WELL AWARE THE FBI'S FOREIGN COUNTERINTELLIGENCE PROGRAM HAS GROWN CONSIDERABLY DURING THE PAST THREE YEARS. IN 1984, WHEN WE BEGAN OUR CURRENT PROGRAM OF PLANNED GROWTH, THE FBI HAD ONLY 1,221 SPECIAL AGENT POSITIONS AVAILABLE FOR FIELD INVESTIGATIONS. THROUGH YOUR SUPPORT WE NOW HAVE 1,682 POSITIONS AVAILABLE TO COMBAT THE THREAT POSED BY THE HOSTILE INTELLIGENCE SERVICES.

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OUR REQUESTED INCREASE IS BASED ON A COMPREHENSIVE 1982 STUDY CONDUCTED FOR THE DIRECTOR OF CENTRAL INTELLIGENCE WHICH EXAMINED THE HOSTILE INTELLIGENCE THREAT EXISTING AT THAT TIME. WHILE THE FBI'S ABILITY TO COUNTER THE THREAT HAS INCREASED, SO HAS THE THREAT. ALLOW ME TO RESTATE SOME FIGURES YOU MAY HAVE ENCOUNTERED DURING THE PAST YEAR AS YOU CONDUCTED YOUR OWN REVIEW OF THE HOSTILE INTELLIGENCE THREAT.

IN 1982 THERE WERE 752 KNOWN OR SUSPECTED HOSTILE INTELLIGENCE OFFICERS PRESENT IN THE UNITED STATES. THERE ARE NOW 838 KNOWN OR SUSPECTED INTELLIGENCE OFFICERS PRESENT WITHIN A COMPLEMENT OF OVER 4,500 OFFICIALS. THERE UNDOUBTEDLY ARE INTELLIGENCE OFFICERS PRESENT WITHIN THIS COMPLEMENT WHOM WE HAVE NOT YET IDENTIFIED. WHILE WE INTENSIFY OUR INVESTIGATIVE EFFORTS AGAINST THE KNOWN OR SUSPECTED INTELLIGENCE OFFICERS, EVERY OFFICIAL REPRESENTS A POTENTIAL THREAT WHICH MUST BE ADDRESSED.

IN ADDITION TO THE INTELLIGENCE OFFICERS AND OFFICIALS, EACH OF THE NEARLY 17,000 STUDENTS, 95,000 VISITORS AND APPROXIMATELY 20,000 IMMIGRANTS WHO COME TO THE UNITED STATES YEARLY FROM CRITERIA COUNTRIES REPRESENTS A POTENTIAL INTELLIGENCE THREAT. CLEARLY THE FBI CANNOT INVESTIGATE EVERY ONE OF THESE INDIVIDUALS; WE HAVE ESTABLISHED CRITERIA TO EVALUATE THESE VISITORS AND FOCUS ONLY ON THOSE REPRESENTING THE MOST CLEARLY PRESENT THREAT.

ESPIONAGE IS COMMITTED UNDER THE DARKEST AND MOST SECRETIVE CIRCUMSTANCES. THERE IS SELDOM ANY WITNESS TO THE ACT OR PHYSICAL EVIDENCE LEFT BEHIND TO IDENTIFY THE PERSONS INVOLVED AND EVIDENCE TO SUPPORT A CONVICTION IS DIFFICULT TO OBTAIN. TO

FIND WITNESSES AND EVIDENCE THE FBI MUST HAVE SUFFICIENT RESOURCES TO DEDICATE TO AN INTENSIVE INVESTIGATION. THE INCREASE IN SPECIAL AGENT AND SUPPORT RESOURCES IN THE PAST FEW YEARS HAS PERMITTED US TO MEET THE CHALLENGE OF DIFFICULT, PERSONNEL INTENSIVE INVESTIGATIONS. THE UNUSUALLY LARGE NUMBER OF ESPIONAGE ARRESTS AND CONVICTIONS REALIZED DURING THE PAST TWO YEARS IS THE RESULT, IN PART, OF THE NARROWING OF TIME BETWEEN THE OVERT ACT OF ESPIONAGE AND THE FBI'S RESPONSE.

THE IMPORTANCE OF THE TIME FACTOR IS WELL ILLUSTRATED IN THE CASES OF THOMAS PATRICK CAVANAGH AND RANDY MILES JEFFRIES. IN THESE INVESTIGATIONS THE FBI WAS ABLE TO RESPOND TO INFORMATION THAT CAVANAGH AND JEFFRIES WERE INITIATING CONTACT WITH THE SOVIETS TO SELL INFORMATION. OUR QUICK RESPONSE NOT ONLY RESULTED IN CONVICTIONS OF THESE INDIVIDUALS, BUT, PREVENTED THE LOSS OF CLASSIFIED INFORMATION.

LET ME TAKE A FEW MOMENTS TO FURTHER ILLUSTRATE HOW INCREASED RESOURCES HAVE BENEFITED OUR PROGRAM THROUGH THE WALKER INVESTIGATION. JOHN ANTHONY WALKER IS A RETIRED NAVY WARRANT OFFICER WHO CONDUCTED ESPIONAGE FOR THE SOVIET UNION FOR NEARLY 20 YEARS BEFORE HIS ARREST LAST YEAR. WALKER WAS A CLASSIC SPY OPERATING A NET OF AGENTS AND PASSING INFORMATION TO HIS SOVIET HANDLERS THROUGH DEAD DROPS WITHIN THE UNITED STATES AND AT PERSONAL MEETINGS HELD OUTSIDE OF THIS COUNTRY. BECAUSE OF THE SECRETIVE NATURE OF HIS CRIME AND THE PROFESSIONALISM OF THE SOVIET KGB, HIS ACTIVITIES WERE UNDETECTED FOR ALL THOSE YEARS. THROUGH INFORMATION VOLUNTEERED BY WALKER'S FORMER WIFE THE FBI BEGAN ITS INVESTIGATION. BECAUSE OF THE PERSONNEL INCREASES

RECEIVED DURING THE PAST FEW YEARS THE FBI WAS ABLE TO DEVOTE SUBSTANTIAL QUANTITIES OF INVESTIGATIVE RESOURCES INTO THIS INVESTIGATION WITHOUT TIPPING OUR HAND TO THE SOVIETS OR TERMINATING OTHER IMPORTANT INVESTIGATIONS. IN ADDITION TO THE SPECIAL AGENTS INVOLVED IN INVESTIGATING THE WALKER CASE, CRITICAL SUPPORT PARTICIPATION WAS RECEIVED FROM THE SPECIAL SUPPORT GROUP (THE PROFESSIONAL SURVEILLANCE GROUP DEDICATED TO FOREIGN COUNTERINTELLIGENCE MATTERS), LANGUAGE SPECIALISTS, AND THE INTELLIGENCE INFORMATION SYSTEM. NEARLY EVERY ASPECT OF FIELD INVESTIGATIONS, INCLUDING TECHNICAL EQUIPMENT AND AIRCRAFT SURVEILLANCE, THAT HAS BENEFITED FROM RECENT ENHANCEMENTS PROVED ITS VALUE IN THIS DIFFICULT INVESTIGATION.

A FEW STATISTICS COMPILED THROUGH THE USE OF THE SPECIAL EVENTS DATA BASE WHICH HELPED MANAGE THE INVESTIGATION WILL GIVE YOU SOME IDEA OF ITS BREADTH AND COMPLEXITY. DURING THE COURSE OF THIS INVESTIGATION, WHICH BEGAN IN NOVEMBER, 1984 AND IS STILL CONTINUING, THE FBI CONDUCTED MORE THAN 1,150 INTERVIEWS. THESE INTERVIEWS WERE CONDUCTED BY MORE THAN 150 SPECIAL AGENTS. INVESTIGATION WAS CONDUCTED IN 58 OF OUR 59 FIELD OFFICES AND 7 LEGAL ATTACHE OFFICES. OVER 400 ITEMS OF EVIDENCE WERE COLLECTED DURING THE INVESTIGATION, 99 OF WHICH WERE USED OR PREPARED FOR USE DURING THE TRIALS OF THE SUBJECTS.

TO CONTINUE OUR FIVE YEAR PROGRAM OF PLANNED AND

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MEASURED GROWTH, ADDITIONAL RESOURCES ARE REQUIRED FOR FISCAL YEAR 1987. THE FBI IS REQUESTING A TOTAL ENHANCEMENT OF 259 POSITIONS AND OVER 41 MILLION DOLLARS FOR 1987. THIS ENHANCEMENT WILL PROVIDE A TOTAL OF 3,986 POSITIONS FOR THE FCI PROGRAM, INCLUDING 1,797 SPECIAL AGENT POSITIONS FOR FIELD FOREIGN COUNTERINTELLIGENCE INVESTIGATIONS.

THE ENHANCEMENT INCLUDES 130 SPECIAL AGENT POSITIONS, 15 OF WHICH WILL BE DEDICATED TO THE INTELLIGENCE COMMUNITY SUPPORT PROGRAM. I HAVE TESTIFIED IN THE PAST THAT COUNTERINTELLIGENCE WITHIN THE UNITED STATES IS PRIMARILY CONCERNED WITH COUNTERING THE EFFORTS OF THE HOSTILE INTELLIGENCE OFFICER. THIS REMAINS THE CASE DESPITE THE NUMBER OF ARRESTS AND PROSECUTIONS EXPERIENCED IN THE PAST TWO YEARS. IN FACT, THESE CASES ILLUSTRATE THAT HOSTILE INTELLIGENCE OFFICERS ARE VERY ACTIVE WITHIN THE UNITED STATES. THE FBI MUST CONTINUE TO DEVELOP NEW TECHNIQUES TO DETECT THEIR ACTIVITIES AND NEUTRALIZE THEIR EFFECTIVENESS. THE FOREIGN COUNTERINTELLIGENCE PROGRAM IS A PERSONNEL INTENSIVE EFFORT REQUIRING ADDITIONAL SPECIAL AGENTS.

OUR TECHNICAL COLLECTION CAPABILITY HAS INCREASED AS HAVE THE NUMBER OF CRITERIA COUNTRY ESTABLISHMENTS. IN ORDER TO GAIN THE ADVANTAGES OFFERED BY TECHNICAL COLLECTION ADDITIONAL LINGUISTS ARE REQUIRED TO TRANSLATE THE THOUSANDS OF HOURS OF TAPE RECORDINGS COLLECTED. THE ADDITIONAL LANGUAGE SPECIALISTS WILL ALLOW THE FBI TO TRY TO REMAIN CURRENT IN TRANSLATING THE MOST IMPORTANT TECHNICAL COVERAGES WHILE ESTABLISHING PRIORITIES FOR THOSE WHICH OFFER A LESSER EXPECTATION OF TIME SENSITIVE INFORMATION.

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GENERAL SUPPORT EMPLOYEES ARE ALSO NECESSARY TO SUPPORT THE INCREASE IN SPECIAL AGENTS. WITHOUT THIS SUPPORT THE EFFECTIVENESS OF THE SPECIAL AGENTS IS DIMINISHED.

NONPERSONNEL ENHANCEMENTS ARE NEEDED FOR TWO SPECIFIC PROJECTS IN SUPPORT OF FIELD OPERATIONS. SPECIAL PROJECT NUMBER TWO IS A TIME SENSITIVE, TECHNICAL COLLECTION EFFORT AGAINST AN AGGRESSIVE CRITERIA COUNTRY. THE \$8,450,000 REQUESTED FOR THIS PROJECT INCLUDES 6.1 MILLION DOLLARS TO CONSTRUCT A UNITED STATES GOVERNMENT BUILDING FROM WHICH THE TECHNICAL ATTACK WILL BE MOUNTED. THE INTELLIGENCE COMMUNITY IS PROVIDING AN ADDITIONAL 6.1 MILLION DOLLARS FOR THE BUILDING CONSTRUCTION. THE REMAINING \$2,350,000 REQUESTED FOR FISCAL YEAR 1987 IS NECESSARY TO PROVIDE OPERATIONAL SUPPORT FOR THE PROJECT AND TO FUND A SPECIAL ACCESS TECHNIQUE. MORE SPECIFIC AND DETAILED INFORMATION HAS ALREADY BEEN PROVIDED TO THIS COMMITTEE CONCERNING THIS PROJECT.

THE FBI IS REQUESTING \$16,879,000 TO FUND THE RENOVATION OF THE NEW YORK FIELD OFFICE LOCATED IN THE FEDERAL BUILDING AT 26 FEDERAL PLAZA. THERE IS CURRENTLY A SEVERE OVERCROWDING OF WORKSPACE WITHIN THE NEW YORK FIELD OFFICE THAT SERIOUSLY AFFECTS THE OFFICE EFFICIENCY, SAFETY AND PERSONNEL MORALE. THIS OVERCROWDING HAS GROWN TO WHERE THERE IS CURRENTLY ONLY 64 SQUARE FEET OF OFFICE SPACE AVAILABLE FOR EACH EMPLOYEE.

IN ADDITION TO ACCOMMODATING THE PERSONNEL INCREASES THE NEW YORK FIELD OFFICE IS PREPARING TO CONSOLIDATE ITS OFFSITE MONITORING FACILITIES INTO A CENTRAL MONITORING PLANT TO BE LOCATED IN THE 26 FEDERAL PLAZA BUILDING. AT THE SAME TIME THE FBI IS PLANNING TO MAKE DIGITAL RECORDING AND RETRIEVAL

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TECHNOLOGY AVAILABLE TO THE NEW YORK FIELD OFFICE TO STREAMLINE THE TRANSLATION AND INFORMATION HANDLING ASPECTS OF FCI TECHNICAL COLLECTION. THIS EQUIPMENT, ALONG WITH IMPROVEMENTS BEING MADE BY THE NEW YORK TELEPHONE COMPANY, WILL ALLOW THE FBI TO NEARLY DOUBLE THE SCALE OF OUR TECHNICAL COVERAGE AND THE NUMBER OF LANGUAGE SPECIALISTS BY FISCAL YEAR 1989. THESE CHANGES WILL REQUIRE TWO AND ONE HALF ADDITIONAL FLOORS OF OFFICE SPACE. WORK MUST BEGIN IMMEDIATELY TO ACQUIRE THE ADDITIONAL OFFICE SPACE AND PERFORM THE NECESSARY MODIFICATIONS AND IMPROVEMENTS TO ACCOMMODATE THE CURRENT EMPLOYEE COMPLEMENT AND PROVIDE ROOM FOR THE NEW CONSOLIDATED MONITORING PLANT AND ITS COMPUTERIZED EQUIPMENT. IN FACT, WORK HAS ALREADY BEGUN TO RELOCATE EXISTING TENANTS FROM THE SPACE THE FBI WILL ACQUIRE AND TO BEGIN ASBESTOS REMOVAL PRIOR TO MODIFICATIONS AND RENOVATION. THIS COMMITTEE AS WELL AS OTHER APPROPRIATE COMMITTEES HAVE BEEN ADVISED OF A 4.1 MILLION DOLLAR REPROGRAMMING TO FUND THIS EXPANSION EFFORT IN FISCAL YEAR 1986. THE REPROGRAMMING DOES NOT EFFECT THE REQUIREMENT FOR THE ENTIRE AMOUNT REQUESTED IN THIS BUDGET.

OUR HEADQUARTERS COMPLEMENT FOR FCI COORDINATION HAS NOT KEPT PACE WITH THE INCREASE IN FIELD RESOURCES.

IN ADDITION TO MANAGING CASES A HEADQUARTERS SUPERVISOR MUST CONDUCT LIAISON AND COORDINATION WITH OTHER MEMBERS OF THE INTELLIGENCE COMMUNITY ON MATTERS OF MUTUAL INTEREST; THE SUPERVISOR MUST COORDINATE WITH THE DEPARTMENT OF JUSTICE ON CASES THAT OFFER PROSECUTIVE POTENTIAL, AS WELL AS MANAGE COUNTERINTELLIGENCE PROGRAMS. PROGRAM MANAGEMENT IS THEIR MOST CRITICAL FUNCTION, WITHOUT IT THE FBI IS UNABLE TO DETECT AND

(REACT TO CHANGES IN THE TARGETS AND METHODS OF THE HOSTILE INTELLIGENCE SERVICES OR TO IDENTIFY WEAKNESSES IN OUR COUNTERINTELLIGENCE RESPONSE.

THE AREA OF MOST RAPID GROWTH IN WORKLOAD, BOTH IN THE FIELD AND AT HEADQUARTERS, HAS BEEN OUR RESPONSE TO THE INCREASING THREAT POSED BY THE PEOPLE'S REPUBLIC OF CHINA AND OTHER FAR EASTERN COUNTRIES. TO MEET THIS INCREASING THREAT THE FBI IS REORGANIZING AND ENHANCING ITS HEADQUARTERS COMPLEMENT WITHIN THE INTELLIGENCE DIVISION TO IMPROVE MANAGEMENT OF THE CASES AND PROGRAMS INVOLVING THESE COUNTRIES. INCLUDED WITHIN OUR REQUEST FOR HEADQUARTERS PERSONNEL ARE TEN SUPERVISORY SPECIAL AGENT POSITIONS AND NINE SUPPORT POSITIONS WHICH, WHEN COMBINED WITH THE PERSONNEL ALREADY ON BOARD TO ADDRESS THESE COUNTRY PROGRAMS, WILL PROVIDE ADEQUATE MANAGEMENT FOR THESE PROGRAMS.

THE INCREASED WORKLOAD IN SOVIET AND SOVIET BLOC MATTERS ALSO REQUIRES ADDITIONAL SUPERVISORY SPECIAL AGENT AND CLERICAL SUPPORT POSITIONS AT HEADQUARTERS.

IN ADDITION TO PERSONNEL TO IMPROVE OPERATIONAL MANAGEMENT, INCREASES ARE ALSO REQUESTED FOR THE ASSISTANT DIRECTOR'S SPECIAL STAFF, AND TO ENHANCE OUR COORDINATION CAPABILITIES WITH OTHER MEMBERS OF THE INTELLIGENCE COMMUNITY.

ADDITIONAL POSITIONS ARE REQUESTED TO INCREASE THE FBI'S ABILITY TO CONDUCT TIMELY, THOROUGH AND PROFESSIONAL ANALYSIS OF THE INFORMATION GATHERED FROM OUR COUNTERINTELLIGENCE INVESTIGATIONS REGARDING THE SOVIETS, SOVIET BLOC AND THE PEOPLE'S REPUBLIC OF CHINA.

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THESE HEADQUARTERS ENHANCEMENTS WILL ALLOW GREATER CONCENTRATION OF EFFORT ON PROGRAM MANAGEMENT RATHER THAN CASE SUPERVISION. IT WILL PERMIT NEEDED ADMINISTRATIVE SUPPORT BY THE SPECIAL STAFF AND PROVIDE INCREASED COORDINATION WITH THE OFFICE OF FOREIGN MISSIONS AND THE INTELLIGENCE COMMUNITY STAFF. THE INCREASE WILL ALSO DEEPEN AND BROADEN OUR ANALYTICAL CAPACITY.

THE DEDICATED TECHNICAL PROGRAM SERVES THE TECHNICAL NEEDS OF THE FOREIGN COUNTERINTELLIGENCE PROGRAM THROUGH EQUIPMENT PURCHASES AND RESEARCH AND DEVELOPMENT INTO NEW TECHNIQUES TO PENETRATE HOSTILE INTELLIGENCE FACILITIES AND OPERATIONS THROUGH TECHNICAL MEANS. FOR FISCAL YEAR 1987 THE FBI IS REQUESTING AN ADDITIONAL \$7,290,000 TO CONTINUE THIS TECHNICAL EFFORT.

IN THE PAST THE FBI HAS DEPENDED UPON INSTALLATIONS OF MICROPHONES AND TELEPHONE COMPROMISE TO PENETRATE CRITERIA COUNTRY ESTABLISHMENTS. RECENT RESEARCH AND DEVELOPMENT BREAKTHROUGHS HAVE PRODUCED NEW TECHNOLOGY WHICH PERMITS TECHNICAL PENETRATIONS NEVER BEFORE AVAILABLE. THESE DEVICES, HOWEVER, ARE VERY EXPENSIVE, AND THE INTELLIGENCE COMMUNITY RESEARCH AND DEVELOPMENT COUNCIL STUDY RECOMMENDED THE FBI EXPEND 10 MILLION DOLLARS A YEAR TO CONTINUE THEIR DEVELOPMENT AND IMPLEMENTATION.

MR. CHAIRMAN, AS A RESULT OF THE ADD ON FOR 1986 THE FBI IS NOT REQUESTING ENHANCEMENTS TO OUR INTERNATIONAL TERRORISM PROGRAM WHICH HAS BEEN MOST EFFECTIVE IN DETECTING AND PREVENTING INTERNATIONAL TERRORIST INCIDENTS WITHIN THE UNITED STATES.

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I WOULD AGAIN LIKE TO EXPRESS MY THANKS FOR YOUR
SUPPORT OF THE FBI TERRORISM PROGRAMS LAST YEAR.

THIS CONCLUDES MY REMARKS. I WILL BE PLEASED TO ANSWER
ANY QUESTIONS YOU MAY HAVE AT THIS TIME.